

House File 692 - Introduced

HOUSE FILE _____
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HSB 213)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to psychiatric medical institution for children
2 services and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1680HV 83
5 jp/rj/14

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1 1 Section 1. PSYCHIATRIC MEDICAL INSTITUTIONS FOR CHILDREN
1 2 == REIMBURSEMENT.
1 3 1. For the purposes of this section, unless the context
1 4 otherwise requires, "psychiatric institution" means a
1 5 psychiatric medical institution for children licensed under
1 6 chapter 135H and receiving medical assistance program
1 7 reimbursement.
1 8 2. The department of human services, in consultation with
1 9 psychiatric institution providers, shall develop a cost-based
1 10 rate setting methodology with levels of reimbursement based on
1 11 acuity for psychiatric institution providers in accordance
1 12 with this section.
1 13 3. a. For the fiscal year beginning July 1, 2009, and
1 14 ending June 30, 2010, psychiatric institution providers may
1 15 submit a projected cost report to be used to set a prospective
1 16 rate for the rate period of July 1, 2009, through June 30,
1 17 2010. For that fiscal year, the maximum reimbursement rate
1 18 for psychiatric institution providers shall be 103 percent of
1 19 the patient-day weighted statewide average cost of psychiatric
1 20 institution providers located within the state, based on the
1 21 cost reports for the preceding fiscal year. However, the
1 22 average cost computation shall not include the psychiatric
1 23 institution at the state mental health institute located at
1 24 Independence, and upon receiving federal approval, the
1 25 reimbursement rate for that psychiatric institution shall be
1 26 as provided in the state plan amendment under subsection 5.
1 27 The reimbursement payments made to psychiatric institution
1 28 providers for the fiscal year beginning July 1, 2009, and
1 29 ending June 30, 2010, shall be cost settled to actual cost,
1 30 not to exceed the maximum reimbursement rate for the fiscal
1 31 year. Any overpayment amount shall be returned within 30 days
1 32 of submission of a notice of overpayment to the provider.
1 33 b. Notwithstanding paragraph "a", on a case-by-case basis
1 34 for psychiatric institution services provided to children with
1 35 intensive needs who would otherwise require placement outside
2 1 the state, the department may apply an exception to policy
2 2 process to authorize provider reimbursement in excess of the
2 3 maximum reimbursement rate under paragraph "a".
2 4 4. a. By January 1, 2010, the department shall develop a
2 5 methodology for cost-based reimbursement with an acuity
2 6 adjustment based on the aggregate acuity level of each
2 7 psychiatric institution's patient mix. Under the methodology,
2 8 each psychiatric institution's aggregate acuity level shall be
2 9 recalculated periodically. The department shall work with
2 10 psychiatric institution provider representatives to develop
2 11 the methodology.
2 12 b. The department shall implement the cost-based
2 13 reimbursement with acuity adjustment methodology beginning on
2 14 July 1, 2010.
2 15 5. The department shall submit a medical assistance state
2 16 plan amendment to the centers for Medicare and Medicaid
2 17 services of the United States department of health and human
2 18 services requesting authorization to reimburse the psychiatric

2 19 institution at the state mental health institute located at
2 20 Independence at 100 percent of actual costs. Upon receiving
2 21 approval of the plan amendment, for the fiscal year beginning
2 22 July 1, 2009, an amount equivalent to the resulting savings
2 23 shall be transferred from the appropriation for the state
2 24 mental health institute at Independence to the medical
2 25 assistance appropriation to be used for the purposes described
2 26 in this section.

2 27 6. The department shall track the number of admissions of
2 28 Iowa children to out-of-state psychiatric medical institutions
2 29 for children and the corresponding expenditures, and if
2 30 necessary, shall adopt utilization control strategies to
2 31 assure that utilization of such out-of-state admission is
2 32 reduced.

2 33 7. The department, in consultation with providers, shall
2 34 develop and implement outcome measures for all psychiatric
2 35 institution providers beginning on July 1, 2010.

3 1 8. The department of human services shall adopt rules
3 2 pursuant to chapter 17A to implement this section.

3 3 Sec. 2. Section 249A.31, Code 2009, is amended by adding
3 4 the following new unnumbered paragraph:

3 5 NEW UNNUMBERED PARAGRAPH. Effective July 1, 2010, the
3 6 department shall apply a cost-based reimbursement methodology
3 7 for reimbursement of psychiatric medical institution for
3 8 children providers.

3 9 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
3 10 immediate importance, takes effect upon enactment.

3 11 EXPLANATION

3 12 This bill relates to psychiatric medical institution for
3 13 children (PMIC) services by providing for development and
3 14 implementation of a new reimbursement methodology that is
3 15 acuity-based and by addressing other PMIC service provisions.

3 16 The department of human services (DHS) is directed to work
3 17 with PMIC providers in developing the new reimbursement
3 18 methodology to be implemented beginning on July 1, 2010. For
3 19 fiscal year 2009=2010, the maximum reimbursement rate for PMIC
3 20 providers other than the PMIC at the state mental health
3 21 institute located at Independence, is limited to a specified
3 22 percentage of certain average costs. However, the PMIC
3 23 providers may submit a projected cost report to be used to set
3 24 a prospective rate for that year until actual costs are
3 25 settled. If there is an overpayment, the PMIC provider must
3 26 return the overpayment within 30 days of being notified. DHS
3 27 may utilize the exception to policy process on a case-by-case
3 28 basis to authorize a higher rate for services provided to
3 29 children with intensive needs who would otherwise be placed
3 30 out-of-state. DHS is required to track out-of-state PMIC
3 31 placements and apply utilization controls strategies to assure
3 32 a reduction in out-of-state PMIC admissions.

3 33 The department is required to apply for state medical
3 34 assistance plan amendment for authority to reimburse the PMIC
3 35 located at the state mental health institute for 100 percent
4 1 of actual costs. Any resulting savings to that institute's
4 2 appropriation for fiscal year 2009=2010 is to be transferred
4 3 to the medical assistance (Medicaid) program appropriation to
4 4 be used for the purposes in the bill.

4 5 The department is also required to work with PMIC providers
4 6 to develop and implement outcome measures for PMIC providers
4 7 beginning on July 1, 2010.

4 8 The department is required to adopt rules to implement the
4 9 bill.

4 10 Code section 249A.31, relating to cost-based reimbursement
4 11 under the Medicaid program, is amended to require permanent
4 12 cost-based reimbursement of PMICs effective July 1, 2010.

4 13 The bill takes effect upon enactment.

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